this volume, "Deposits as Currency," which must have a lasting influence on monetary discussions in America. The master-hand, indeed, is always conspicuous.

As an exhibition of scholarly thoroughness and of exact and correct English, the paper on the Bank of Venice is to be commended to every young student of our day. (He was engaged on this subject during his stay in Florence.) No economic writer of my acquaintance ever disclosed so well as did Professor Dunbar the importance of relative emphasis as the test of insight and maturity. Neither did he use triphammers to crack eggshells, nor did he ever dodge the central and pivotal issues in a difficult quest for the truth.

Quite apart from the importance of these contributions to the history and principles of economics, we must set especial value on these essays as examples to all economists, young or old, of a judicial attitude, of a rarely equaled sense of form and proportion both in his thinking and in the expression of it in English, and of the necessary separation — if truth is to be obtained — of emotion from reason (cf. pp. 48, 49).

J. LAURENCE LAUGHLIN.

Money: A Study of the Medium of Exchange. By DAVID KINLEY. New York: The Macmillan Co., 1904. 12mo, pp. 415.

Professor Kinley's book may be looked upon as an exposition of monetary theory from the point of view of the orthodox economists. Its most conspicuous merit is an openness of mind which permits the writer to see and to admit the force of objections to the received doctrines, together with a saneness of judgment which prevents him from allowing any theory to drive him into the advocacy of practical measures that public opinion has been taught by the experience of the past decade to condemn as mischievous. The book, however, has the defects of its qualities. No aspect of the problem appears to have been so thoroughly thought out as to make it impossible for the writer to express on one page views which are inconsistent with the truth of principles which are recognized as valid on previous pages. He recognizes, for example, the force of the objection made to the Aristotelian account of the origin of money still current among the economists. "The first use of money," he says with truth and emphasis, "did not arise from any agreement among men" (p. 17).

This, however, does not hinder him from referring to the standard substance elsewhere as "the selected commodity," nor from ignoring all the important practical consequences which flow from the conception of its natural evolution. In the same way (p. 168) he recognizes the truth that, under modern conditions, the product of the gold mines finds its way into the world's business through the banks, and that thus, as he says, the first effect of an increased supply of gold "is to stimulate discounts and to cause the expansion of business done on credit. The result, of course, is to increase the supply of goods offered for gold, and therefore to raise the price of gold;" that is to say, in other words, to make the prices of commodities fall.[1] That, however, does not hinder him from taking for granted, on every second page throughout his chapters on the value of money and the measurement of variations in its purchasing power, the unimpaired validity of the older view that every increase in money, whether it is real money or inconvertible paper, will necessarily be accompanied with "a rise in the price level."

When we turn to his chapter on "Bimetallism," we find him, as we might expect, in theory with the bimetallists, while in practice he is with the monometallists. Indeed, some of the best chapters in the book are those in which he endeavors to show that bimetallism would not confer on the world the advantages that have been claimed for it, and that the results of gold monometallism are, when all is said and done, fairly in accord with substantial justice. At the same time, he is of opinion that if international bimetallism were once brought about, there is every reason to believe that it would be successful in maintaining a fixed ratio between gold and silver (pp. 298 and 301). This opinion is undoubtedly a common one. There does not appear, however, to be the smallest vestige of foundation for it. Obviously, something much more than an agreement between most or, indeed, all of the nations of the world on the question would be necessary to achieve this end. It would further be necessary, at any rate, that everyone should be able to feel satisfied that the agreement was an immutable one — a condition which at once puts it outside the range of things possible. No power, indeed, short of that of the Supreme Being could establish international bimetallism. Let us suppose the agreement once in force and successful, say, for six months. Its first effect would be an immense increase in the production of silver, and, as a result of this, every exchange in the world would soon be

[1] Cf. *The Evolution of Modern Money,* by the present writer, pp. 298–301.

flooded with rumors that this or that nation was about to break away from the agreement. A premium on gold would be the inevitable consequence, and there would be the end of bimetallism. To concede six months' success to the project is, however, to concede far too much. The great banking interests would certainly not wait for such rumors as those referred to, but would, at once, let their customers know that money advanced by them would have to be repaid in gold. It is not, in truth, Downing Street or the Capitol that rules in such matters, but Wall Street and Lombard Street.

Far too much, again, is conceded by the writer to the bimetallist claim that the adoption of a fixed ratio between gold and silver would increase the volume of money, and would thus diminish fluctuations in what is called "the price level." The whole theory that affirms such a result as certain or likely to supervene is based on false analogies. In practice, as we know well, whenever bimetallism has even distantly loomed on the horizon, the volume of money, instead of increasing, has at once shrunk portentously, and panic has pervaded all the markets. In the marvelous evolution of our monetary system this is what is found to have taken place. As soon as one man has given to another a documentary right, on demand, to the gold that is in his possession, this right itself becomes a perfect substitute for the gold, and the chances are then a hundred to one that the second man will never ask the first for his gold at all. The volume of money thus under the credit system, can swell almost without limit, or, at any rate, within enormously wide limits. All this, however, is, of course, always dependent on the maintenance of the absolute indefeasibility of these rights to gold. As soon as we begin to talk of passing laws which would make them liable to be discharged by payments in silver, or in anything else than gold, their utility and with it their value is necessarily at once impaired, and the plain result follows that no one can then be satisfied with payment in anything but actual gold. In such circumstances the whole mighty addition to the volume of money that the credit system creates forthwith collapses.

There are two or three radical misconceptions which underlie the whole theory which forms the basis of bimetallism, as well, indeed, as of most of the other doctrines with regard to money which Professor Kinley has adopted with too little hesitation from the classical economists. One, and perhaps the most important, is the misconception that it is coined money that alone or mainly affects prices.

Mill, indeed, in one interesting passage recognizes very emphatically that this is not so, though elsewhere, no doubt, he deals with the question of money and prices on the assumption that it is so. It is quite plain that if a man is bidding, say, in an auction-room, his bids, so long as they are accepted, will send up prices just as effectually whether he pays in gold, in checks, or by a book credit with the auctioneer. Credit thus clearly tells on prices quite as effectually as coin. But what again is behind credit? Not coined money only, but every form of measurable wealth as well, in as far as it is actual and unmistakable wealth to a given amount, and is thus convertible into gold at any moment at market rates. It does not seem to have occurred to those among the bimetallists who talk of bimetallism at the present market ratio, and sometimes even of ratios shifting with the market price, that, in that sense, they have bimetallism already. Anyone who has 1,000 ounces of silver in his possession, worth say $0.60 an ounce, has, by virtue of it, purchasing power almost immediately available to the amount of nearly, if not quite, $600. Bimetallism at the market ratio would give him little, if anything, more. He has, of course, trimetallism and quadrumetallism as well. The general volume of his purchasing power is swollen by every one of his assets in proportion to their amount as modified by their liquidity. It is this fact, indeed — the fact that purchases made by means of the organized barter of the credit system affect prices just as much as purchases made by means of coined money — that effectively refutes the quantitative theory, that makes it so impossible to trace the effects of fluctuations of the quantity of gold in the world at various periods on the prices of commodities. For every case in which these prices were said to have been lowered after 1873 by the "appreciation of gold," Mr. Wells and Mr. Atkinson were able to show perfectly adequate causes for the alteration to a lower level in the changed conditions of production and transport, without taking the "appreciation of gold" into account at all. Their explanations, indeed, left absolutely no room for the exercise of any causal action on its part. If then, in such circumstances, we continue to assert that it still existed, we have, at any rate, to recognize that the form of existence which it possessed was one that, like that of the gods of Epicurus, must be regarded as divorced from all suspicion of causality in connection with mundane affairs.

With regard to the concluding chapters of the work, those on convertible and inconvertible paper, in which the writer follows, in a

general way, the lead of Mr. Horace White, there is little but praise to be accorded. They are characterized throughout by commonsense and by sound views.

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England.

Poverty. By ROBERT HUNTER. New York: The Macmillan Co., 1904. 8vo, pp. ix + 382.

There is much in Mr. Hunter's book at which the scholar will cavil. It is a natural temptation for an author upon social subjects to dress his writings in a scholarly garb and find in statistics the confirmation of his personal observations. The material of this kind at Mr. Hunter's disposal is very scanty and of a very local nature, but he succumbs to the temptation to parade it. And this not always successfully. When the author estimates the number of workmen in a typical factory state that fall below the poverty line, he finds the average rate of wages from the U. S. census of 1900. According to the census, the income of 11 per cent. of male workers over sixteen years of age in a prominent industry cannot be more than $300 a year. Even this low average is cut down by nearly a fourth when the author uses the results of an investigation of average non-employment made by the state census. Mr. Hunter sets the poverty line at a family income of $460, and finds the results in this particular case very deplorable. If one, however, takes the family income as a unit, it may be possible that the combined individual earnings of $225 will bring the family income up to, if not above, the $460 which the author estimates as barely sufficient to keep a family of five above actual poverty. Mr. Hunter himself has no high opinion of the value of past censuses for furnishing data elucidating the problem of poverty, and many statisticians have even a lower one. It would have been better to omit all reference to statistics that can leave only a shaking confidence, when they are forced to interpret conditions with which they do not directly deal. It may be that tables and schedules borrowed from whatever sources they may be found give the appearance of the authority of print. But they do not convince the skeptic, and they leave the impression upon others that something has been done to investigate the problem of poverty in America, when no one knows better than Mr. Hunter that nothing serious has been undertaken in that line.